

**PRESS RELEASE**
**13 August 2015**
**IREIT Global delivers 2.21 Singapore cents DPU for 1H 2015**

- *Successfully launched and completed rights issue with a subscription rate of 116.6%*
- *Completed acquisition of Berlin Campus on 6 August 2015 to expand IREIT's portfolio and secure a foothold in Berlin, Germany*

	2Q 2015			1H 2015		
(€'000)	Actual	Forecast <sup>(1)</sup>	Variance (%)	Actual	Forecast <sup>(1)</sup>	Variance (%)
Gross revenue	5,386	5,633	(4.4)	10,955	11,267	(2.8)
Net property income	4,870	5,017	(2.9)	9,831	10,033	(2.0)
Distributable income	4,358	4,394	(0.8)	8,724	8,786	(0.7)
Available DPU						
- € cents <sup>(2)</sup>	1.03	1.03	-	2.07	2.07	-
- S\$ cents <sup>(4)</sup>	1.59	1.75	(9.1)	3.20	3.50	(8.6)
Available DPU, including effects of the Rights Issue						
- € cents <sup>(3)</sup>	0.71	-	NM	1.43	-	NM
- S\$ cents <sup>(4)</sup>	1.10	-	NM	2.21	-	NM

**Notes:**

- 1) The forecast figures were derived from the Projection Year 2015 (for the period 1 January 2015 to 30 June 2015) as disclosed in IREIT Global's IPO Prospectus and have been pro-rated for the quarter and half year ended 30 June 2015 respectively.
- 2) Available distribution per unit was calculated based on the number of issued units as at 30 June 2015.
- 3) Available distribution per unit was calculated based on the number of issued units as at 30 June 2015 and the 189,607,567 Rights Units, which commenced trading on the SGX-ST on 6 August 2015.
- 4) The available distribution per unit was computed after taking into consideration the forward foreign currency exchange contracts that IREIT has entered into to hedge the currency risk for distribution to Unitholders. 100% of the forecast distributable income for the financial year ending 31 December 2015 have been hedged at an average exchange rate of approximately S\$1.54 per Euro.

<p>DBS Bank Ltd. is the sole global coordinator for the initial public offering and listing of the units in IREIT Global (the "Offering"). DBS Bank Ltd. and Barclays Bank PLC, Singapore Branch are the joint issue managers, bookrunners and underwriters for the Offering.</p>
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IREIT Global Group Pte. Ltd., as the manager of IREIT Global ("IREIT"), is pleased to announce a distribution per unit ("DPU") of 2.21 Singapore cents for the first half of 2015. Gross revenue for the period was €11.0 million while net property income was €9.8 million.

Mr Itzhak Sella, Chief Executive Officer of IREIT said, "We are pleased to end the quarter with the announcement of our inaugural acquisition of a property in Berlin and the successful launch of our rights issue. The rights issue was fully subscribed at a subscription rate of 116.6%. The Berlin acquisition is a significant event for us as it demonstrates our capability to acquire a yield accretive and high quality asset for IREIT. The Berlin property will enlarge IREIT's portfolio significantly."

### **Foothold in Berlin**

On 6 August 2015, IREIT completed the acquisition of Schreiberhauer Straße 2, 4, 6, 8, 10, 12, 14, 16, 18, 20 and 22, Berlin 10317, Germany ("Berlin Campus"), for a purchase consideration of €144.2 million (S\$217.7 million)<sup>1</sup>. The Berlin Campus is a B property in an A city which is in line with IREIT's "ABBA" investment strategy.

The Berlin Campus has a weighted average lease expiry of about 9 years with a strong main tenant, Deutsche Rentenversicherung Bund, a federal pension fund and the largest of the 16 federal pension institutions in Germany.

IREIT's Chief Investment Officer, Ms Adina Cooper said, "This acquisition fulfils our objectives for the continued expansion of our portfolio in key German markets. This property is located in an up and coming area of Berlin, which has been growing rapidly in the past few years due to its high technology and other business sectors. We believe this trend will continue and contribute to the growth in demand for such office products."

### **Positive Contribution to Existing Portfolio**

With the acquisition of the Berlin Campus, IREIT's total portfolio value will grow considerably to €439.2 million (S\$663.2 million)<sup>1</sup> from €291.8 million (S\$440.6 million)<sup>1</sup>. This freehold asset will enlarge IREIT's net lettable area to 200,603 sq m from 121,506 sq m and increase the number of car park spaces to 3,441 lots from 2,945 lots.

Commenting further on the acquisition, Mr Sella said, "Having completed the acquisition in early August 2015, we will start to see contribution from the Berlin Campus in the next financial reporting quarter."

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<sup>1</sup> Based on an exchange rate of €1.00 :S\$1.51



To manage foreign currency risks, IREIT has fully hedged the forecast distributable income attributable to the Berlin Campus for the financial year ending 31 December 2015. Together with the hedging contracts in respect of the existing properties, 100% of IREIT's forecast distributable income for the financial year ending 31 December 2015 have been hedged at an average exchange rate of approximately S\$1.54 per Euro.

## **Outlook**

In June 2015, the Deutsche Bundesbank revised its forecasts for Germany's economic growth. Its gross domestic product forecasts were revised to 1.7% for 2015 and 1.8% for 2016 as compared to the earlier forecasts in December 2014 of 1.0% and 1.6% respectively. Deutsche Bundesbank reported that the German economy has recovered sooner than expected from the cyclical lull in the middle of last year and has returned to its growth path which is underpinned by both domestic and foreign demand.<sup>2</sup> In general, Germany's economy is performing better than economists' expectations due to improving business activity, although uncertainties remain, such as Greece's unresolved debt crisis.

According to Colliers International<sup>3</sup>, for the first half of 2015, the total office space take-up in the top seven cities, Berlin, Dusseldorf, Frankfurt am Main, Hamburg, Cologne, Munich and Stuttgart in Germany was about 1,521,200 sq m, which represents a year-on-year increase of 13%. Among the seven cities, Berlin has the highest take-up with a total of 337,000sq m which was higher by 15% as compared to the first half of 2014. Total investment transactions in the same period amounted to about €24.2 billion. Office buildings remained as the most popular asset class with approximately €9.5 billion worth of transacted deals, or approximately 40% of total investments.

The commercial investment market continues to thrive with strong demand from both local German investors as well as those from Asia, North America and France. The massive liquidity, affordable interest rate and depreciating Euro, coupled with the stability of Germany's economy and its active leasing market, make Germany a preferred location for investment.<sup>3</sup>

As the positive economic situation in Germany continues, the Manager will employ its 'ABBA' acquisition strategy and continue to grow IREIT's portfolio by acquiring yield accretive and strategic properties. The Manager will also continue to explore other European markets for suitable acquisition opportunities.

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<sup>2</sup> Source: Bloomberg's article titled "German Factory Orders Increase as Economic Outlook Improves" on 5 June 2015, which is available on the website of Bloomberg at [www.bloomberg.com](http://www.bloomberg.com)

<sup>3</sup> Source: Colliers International, Market report, "Mid-year 2015 for Office Letting and Investment".



## **ABOUT IREIT Global**

IREIT Global (SGX-UD1U) which was listed on 13 August, 2014, is the first Singapore listed REIT established with the investment strategy of principally investing, directly or indirectly, in a portfolio of income-producing real estate in Europe that is primarily used for office purposes, as well as real estate-related assets.

IREIT Global's portfolio comprises five freehold properties strategically located in the key German cities of Berlin, Bonn, Darmstadt, Münster and Munich with net lettable area of about 200,506 sqm and 3,441 car park spaces.

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## **Important Notice**

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in IREIT Global ("IREIT", and the units in IREIT, the "Units").

The value of the Units and the income derived from them may rise or fall. The Units are not obligations of, deposits in, or guaranteed by, IREIT Global Group Pte. Ltd., as manager of IREIT (the "Manager"), or any of its affiliates. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of IREIT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of IREIT or the Manager is not necessarily indicative of the future performance of IREIT or the Manager. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition, shifts in expected levels of property rental income, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.



Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

This announcement is not an offer of securities for sale in the United States. The nil-paid rights and Rights Units are not being registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States absent registration except pursuant to an exemption from registration under the Securities Act. There will be no public offering of securities in the United States. Any public offering of the Rights Units in the United States would be made by means of a prospectus that would contain detailed information about IREIT, the Manager and their management, as well as financial statements.